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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91226185
Party	Defendant Kind Distribution LLC
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**IN THE U.S. PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

TWENTIETH CENTURY FOX FILM
CORPORATION,

Opposer,

v.

KIND DISTRIBUTION LLC,

Applicant.

E-FILING

Opposition No.: 91226185

Application No.: 86603079

APPLICANT’S REPLY IN SUPPORT OF MOTION TO DISMISS

In the matter of the above-identified Opposition No. 91226185, Kind Distribution LLC (“Applicant”) hereby replies to the opposition/response (the “Response”) of Twentieth Century Fox Film Corporation (“Opposer”) to Applicant’s Motion to Dismiss Opposer’s facially insufficient claim of *res judicata* pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure for failure to state a claim upon which relief can be granted.

I. INTRODUCTION AND SUMMARY

Opposer argues in the Response that its conclusory allegations of *res judicata* in the Notice of Opposition are sufficient to survive a motion to dismiss, even if such allegations will ultimately fail on the merits. However, under the notice pleading standard it is not enough to make conclusory allegations. A party must plead facts sufficient to make each of its allegations plausible. As demonstrated in the Motion to Dismiss, and as further explained herein, Opposer has failed to plead sufficient facts to support the third factor of a claim for *res judicata*—that its earlier claim and the present claim are “based on the same transactional facts.”

Accordingly, because Opposer has failed to plead facts sufficient to make its *res judicata*

claim plausible and because, as a matter of law, it cannot allege such a claim, Opposer's *res judicata* claim should be dismissed with prejudice. Opposer's alternative request for leave to amend the Notice of Opposition should be denied because it is readily apparent that any amendment would be futile.

II. ARGUMENT

Rule 12(b)(6) requires dismissal of a complaint or cause of action if it fails "to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). "To survive dismissal, the plaintiff must provide grounds upon which his claim rests through factual allegations sufficient to raise a right to relief above the speculative level." *ATSI Communications, Inc. v. Shaar Fund Ltd.*, 493 F.3d 87, 98 (2d Cir. 2007) (quoting *Bell Atl. Corp. v. Twombly*, 127 S.Ct. 1955, 1965 (2007)). Mere "conclusions of law or unwarranted deductions of fact" need not be accepted as true. *O'Mahony v. Accenture, Ltd.*, 537 F. Supp. 2d 506, 509 (S.D.N.Y. 2008) (quoting *First Nationwide Bank v. Gelt Funding Corp.*, 27 F.3d 763, 771 (2d Cir. 1994)). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Ashcroft v. Iqbal*, 556 U.S.662, 678 (2009). If any essential element does not have plausible factual support, the adjudicator cannot reasonably infer the defendant is liable and dismissal is required. *Id.* at 686-87 (failure to plead facts suggesting essential element of "purposeful" discrimination required dismissal); *Twombly*, 127 S.Ct. at 1965 (failure to plead facts plausibly suggesting the essential element of "agreement" required dismissal).

A. Opposer Has Not Adequately Pled That Its Present Claim Is Based On The Same Transactional Facts As The Prior Claim.

Opposer does not defend—nor can it—its failure to plead facts sufficient to support all of the elements of a claim for *res judicata*. There is no dispute that a claim for *res judicata* must

include three separate elements: (1) an identity of the parties or their privies; (2) a final judgment on the merits of the prior claim, and (3) the second claim must be based on the same transactional facts as the first and should have been litigated in the prior case.” Opp’n at 4 (citing *Virgin Enters. Ltd. v. Holts Co.*, 2008 WL 885888, at *3 (TTAB Feb. 8, 2008)); Mot. at 3 (citing *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000)).

The bulk of the Response is dedicated to addressing the first two elements of a claim of *res judicata*. Although Applicant disagrees with the relevant allegations on the merits, the Motion to Dismiss does not challenge the sufficiency of Opposer’s pleading of the first two elements of the claim. With regard to the final element, Opposer merely asserts that “Opposition No. 91203417 involved the same transactional facts that are involved in this opposition.” Response at 4. This is exactly the type of “bare assertion” that cannot sustain an affirmative claim. See *Vedder Software Group Ltd. v. Insurance Servs. Office, Inc.*, 2013 WL 5663262, at *1 (2d Cir. Oct. 18, 2013) (allegations that plaintiff’s product had “distinctive interface” of “non-functional elements” with a “secondary meaning” not sufficient to support infringement complaint); see also *Gelicity UK Ltd. v. Jell-E-Bath, Inc.*, No. 10-civ-5677, 2013 WL 3315398, at *3 (E.D.N.Y. July 1, 2013) (claim of use in commerce not sufficient to plead use in United States); *Luv N’ Care, Ltd. v. Regent Baby Prods. Corp.*, 841 F. Supp. 2d 753, 757 (S.D.N.Y. 2012) (allegations that products are most popular and well-known in industry not sufficient to plead that marks are famous); *Eyal R.D. Corp. v. Jewalex New York Ltd.*, 784 F. Supp. 2d 441, 449 (S.D.N.Y. 2011) (allegation that “trade dress is well known to the consuming public and the trade as identifying and distinguishing [plaintiff] as the exclusive and unique source of the products that are used in connection with such trade dress” not sufficient to plead secondary meaning).

As an initial matter, the nearly three pages that Opposer dedicates to refuting straw man arguments regarding privity and the implications of the first judgment being by default are irrelevant to the pending Motion. For example, Opposer's argument that "Applicant cannot, and should not be allowed, to avoid Opposer's res judicata claim by arguing that the prior judgment was by default," Response at 6, is a red herring. Not only did Applicant not make this argument, but it conceded that "default judgment can operate as res judicata in appropriate circumstances." Mot. at 3. The sole issue raised in the Motion to Dismiss is whether Opposer has satisfied the pleading requirement for the third element—that the claims are based on the same transactional facts. It has not.

The Motion identifies two reasons why, as a matter of law, Opposer's conclusory assertion that the claims are based on the same transactional facts must fail: (1) the applications involve different goods and services; and (2) the applications involve different marks. Mot. at 4-7. The Response and the Notice of Opposition both fail to address the fact that the applications at issue involve two different classes of goods and services, which is fatal to the sufficiency of the pleading. Put simply, preclusion cannot apply to applications directed to different goods and services. See Mot. at 5-6 (citing *The Chamberlain Grp., Inc.*, 91174249, 2008 WL 10580001, at *2 (TTAB Oct. 17, 2008) (finding no preclusion based on the different classes identified in the applications)); *Stoller v. Hyperstealth Biotechnology Corp.*, 131 F. App'x 280, 282 (Fed. Cir. 2005) ("A dispute over the likelihood of confusion with respect to different classes of goods . . . does not involve the same cause of action."). There is no dispute that the services in International Class 35 ("direct to consumer and online retail store services featuring vaporizer accessories, smokeless inhalers, herbal storage containers, vaporizable concentrate storage, vaporizers and herbal grinders") are unique to the present application. Thus, as a matter of law,

res judicata cannot apply. Even if the Board were to find that Opposer might be able to allege that *some* of the goods and services in the applications overlap, *see* Response at 9, this would not support a finding of *res judicata* as to non-identical goods/services. *See La Fara Importing Co. v. F. Lli De Cecco Di Filippo Fara S. Martino S.P.A.*, 8 USPQ2d 1143 (TTAB 1988) (“Although opposer cannot attack applicant's rights in ‘LA FARA’ for alimentary pastes, applicant's present application includes an extended list of additional goods in Class 30, which were not involved in the prior proceeding and hence were not part of opposer's earlier claim.”). Accordingly, the *res judicata* claim cannot survive as to the services in International Class 35.

Even for the goods in International Class 34, Opposer has failed to state a claim that the marks themselves are legally equivalent. The question here is *not* whether the marks in the applications “might be similar enough to each other, in terms of commercial impression, to be deemed to be confusingly similar under a likelihood of confusion analysis.” *Institut National Des Appellations d'Origine v. Brown-Forman Corp.*, 47 USPQ2d 1875, 1894 (TTAB 1998). Rather, the test for *res judicata* is whether the marks are legal equivalents. *Id.* The Notice of Opposition does not even mention the term “legal equivalent,” much less argue that the marks in the two applications satisfy this standard.

Opposer's Response does not contest that the “highly stylized” nature of the design mark in Applicant's prior application makes the mark legally distinguishable from the standard character mark in the present application. *See* Mot. at 5 (citing *Polaroid Corp. v. C & E Vision Servs. Inc.*, 52 USPQ2d 1954, 1957 (TTAB 1999); *Metromedia Steakhouses Inc.*, 28 USPQ2d 1205 (TTAB 1993)). In that sense, Opposer's reliance on *Virgin Enterprises Ltd. v. Holts Co.* and *Miller Brewing Co. v. Coy Int'l Corp.* is misplaced. *Virgin Enterprises* involved a design mark where the textual elements were presented in a standard font incorporated into a larger

design. In its unpublished opinion, the Board relied on the fact that “deletion of the design” was a “minor alteration[.]” in determining that the marks were the same. 2008 WL 885888, at *3 (TTAB Feb. 8, 2008). Similarly, in *Miller Brewing*, the Board focused on the fact that the changes were to a disclaimed portion of the mark, and therefore that the “minor alterations do not rise to the level of a new mark.” 230 USPQ 675 (TTAB 1986). Subsequent decisions have emphasized the “minor” nature of the change to the marks at issue in *Miller*. See *Be Sports, Inc. v. Al-Jazeera Satellite Channel*, 115 USPQ2d 1765 (TTAB 2015) (finding no *res judicata* between cases involving BEIN and BEIN SPORT marks). Unlike the applications at issue in *Virgin Enterprises and Miller*, here, the original application sought registration of the words in stylized form. Given the “highly stylized” wording in the initial application, this case is more analogous to *Polaroid* and *Metromedia Steakhouses* than to the cases cited by Opposer.

Finally, Opposer’s contention that a standard character mark may be confusingly similar to a design mark is irrelevant to the question here—whether Opposer has alleged that the marks are “legal equivalents” for purposes of sufficiently pleading a claim of *res judicata*. See *Institut Nat’l Des Appellations D’origine*, 47 USPQ2d 1875 (holding that the “Board is not persuaded by opposers’ argument that we should use the likelihood of confusion ‘similarity of commercial impression’ analysis in determining whether two marks have the same commercial impression for purposes of the claim preclusion doctrine”). Moreover, the Board has routinely recognized the distinction in both commercial impression and legal significance between a standard character mark and one that is highly stylized. See *In re CTB Inc.*, 52 USPQ2d 1471 (TTAB 1999) (finding that removal of “swirling design element” resulted in material alteration to mark); *In Re Jacquelyn Silberberg & Courtney Silberberg*, 78712155, 2007 WL 2219708, at *3 (TTAB July 24, 2007) (finding “applicant’s mark to be so highly stylized that it does not fall within the

range of ‘reasonable’ manners of display that should be reserved to the registered standard character mark”). Given the highly stylized nature of the mark in the initial application, Opposer has not alleged, and cannot allege, the marks in the two applications are “legal equivalents.”

Given Opposer’s failure to plead the required elements of *res judicata* and the fact that, as a matter of law, the claims are not based on the same transactional facts, Opposer’s *res judicata* claim should be dismissed.

B. Opposer Should Not Be Provided Leave to Amend.

Opposer has not provided a valid basis for the Board to grant its alternative request for leave to amend. Although the Board, as a general practice, will grant leave to file an amended pleading to an opposer whose claim is dismissed for failure to state a claim, TBMP § 503.03, leave to amend will be denied where allowing the proposed amendment will be futile. *See Leatherwood Scopes Int’l, Inc. v. Leatherwood*, 63 USPQ2d 1699 (TTAB 2002) (denying leave to amend where proposed amendments would fail to state a claim for relief); TBMP § 507.02. Here, any proposed amendment by Opposer would be legally insufficient. Even if Opposer adds factual allegations to support its conclusory statements regarding the similarity of the transactional facts, it cannot overcome the legal flaws in its putative position: namely, that the subject applications involve different goods and services in different classes and that the original mark was “highly stylized” and therefore not the legal equivalent of the opposed application for purposes of *res judicata*. In similar circumstances, the Board has denied leave to amend and it should do so here. *Cf. Be Sport, Inc.*, 115 USPQ2d 1765 (denying leave to amend where defense of *res judicata* was futile).

III. CONCLUSION

For the reasons stated herein and in Applicant’s motion to dismiss, Opposer has failed to allege the necessary elements of a claim of *res judicata*. Applicant respectfully requests that the

Board grant Applicant's Motion to Dismiss for Failure to State a claim upon which relief may be granted under Fed. R. Civ. P. 12(b)(6) and deny Opposer's alternative request for leave to amend the Notice of Opposition.

Respectfully submitted,

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Dated: April 25, 2016

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CERTIFICATE OF SERVICE

I hereby certify that on this April 25, 2016, a true and correct copy of the foregoing was served on the following via first class mail:

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